



Social protection systems

**in Latin America
and the Caribbean**

Honduras

Juliana Martínez Franzoni



UNITED NATIONS

ECLAC

Social protection systems in Latin America and the Caribbean: Honduras

Juliana Martínez Franzoni



This document was prepared by Juliana Martínez Franzoni, consultant with the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC), and is part of a series of studies on “Social Protection Systems in Latin America and the Caribbean”, edited by Simone Cecchini, Social Affairs Officer, and Claudia Robles, consultant with the same Division. The author gratefully acknowledges the research assistance of Héctor Solano and Luis Ángel Oviedo. Luna Gámez and Daniela Huneus, consultants, provided editorial assistance. Humberto Soto and Astrid Rojas provided valuable comments.

The document was produced as part of the activities of the projects “Strengthening social protection” (ROA/149-7) and “Strengthening regional knowledge networks to promote the effective implementation of the United Nations development agenda and to assess progress” (ROA 161-7), financed by the United Nations Development Account.

The views expressed in this document, which has been reproduced without formal editing, are those of the author and do not necessarily reflect the views of the Organization.

Contents

Foreword.....	5
I. Introduction: historical context of social protection policies in Honduras	7
II. Honduras: main economic and social spending indicators.....	9
A. Economic and labour performance	9
III. Social security in Honduras	13
A. Overview of the contributory pension regimes in Honduras	13
1. Honduran Institute of Social Security (<i>Instituto Hondureño de Seguridad Social, IHSS</i>)	13
2. National Pension Institute for Teachers (<i>Instituto Nacional de Previsión del Magisterio, INPREMA</i>).....	13
3. National Retirement and Pension Institute for Public Officials and Government Employees (<i>Instituto Nacional de Jubilaciones y Pensiones de los Empleados y Funcionarios del Poder Ejecutivo, INJUPEMP</i>)	13
4. Military Pension Institute (<i>Instituto de Previsión Militar, IPM</i>)	14
B. Social spending on social security and funding of the system.....	14
C. Coverage of the social security system	16
IV. Non-contributory social protection in Honduras.....	19
A. Conditional cash transfer programmes in Honduras.....	19
B. Funding of the programmes and coverage	20
V. The health sector in Honduras.....	21
A. Overview of the health system	21
B. Social spending on health	22
C. Coverage of the system	23
VI. The education sector in Honduras.....	25
A. Overall description of the education sector	25
B. Financing and social spending on education	25
C. Coverage of the education system.....	26
VII. Housing policies in Honduras	29
Bibliography	31

Tables

Table 1	Financing structure of the contributive pension regimes.....	15
Table 2	Coverage of social security by income quintiles, 2006	17
Table 3	Gross enrolment rates, by age groups and income quintiles, 2006.....	28

Figures

Figure 1	Real minimum wage, average wage, employment growth and annual growth of GDP, 1998-2010.....	10
Figure 2	Unemployment, labour force participation and informality rates, 1998-2010.....	10
Figure 3	Public social spending per capita (in 2005 dollars), public social spending relative to gross domestic product (GDP) and total public spending, 1998-2010.....	11
Figure 4	Public social spending by sector as a percentage of GDP, 1998-2010	11
Figure 5	Public spending on social security per capita (in 2005 dollars) and as a percentage of GDP, 1998-2010.....	14
Figure 6	Spending on the general regime of disability, old age and death (IHSS), 1998-2007	15
Figure 7	Economically active population contributing to social security, 1998-2007	16
Figure 8	Population contributing to the regime of disability, old age and death, 1998-2007	16
Figure 9	Public and private spending on health, 1998-2010	22
Figure 10	Coverage of social health insurance (illness and maternity), 1998-2007	23
Figure 11	Children who have been vaccinated according to the basic immunization packet, 1998-2007	23
Figure 12	Public spending on education per capita (in dollars), as a percentage of GDP and as a percentage of total public spending, 1998-2006	26
Figure 13	Net schooling rates, 1998-2005	27
Figure 14	Attendance rates of the population aged 0 to 24 years, 1999-2006	27
Figure 15	Population that has completed primary and secondary education, 1999-2006	28

Foreword

Simone Cecchini
Claudia Robles

This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing of the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Given that, in 2011, 174 million Latin Americans were living in poverty —73 million of which in extreme poverty— and that the region continues being characterized by an extremely unequal income distribution (ECLAC, 2012), the case studies place particular emphasis on the inclusion of the poor and vulnerable population into social protection systems, as well as on the distributional impact of social protection policies.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. While social protection can be geared to meeting the specific needs of certain population groups —including people living in poverty or extreme poverty and highly vulnerable groups such as indigenous peoples—, it must be available to all citizens. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population, which are laid out in a series of national and international legal instruments, such as the United Nations’ 1948 Universal Declaration of Human Rights or the 1966 International Covenant on Economic, Social and Cultural Rights (ICESCR). These normative instruments recognize the rights to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

The responsibility of guaranteeing such rights lies primarily with the State, which has to play a leading role in social protection —for it to be seen as a right and not a privilege—, in collaboration with three other major stakeholders: families, the market and social and community organizations. Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of developing countries’ efforts to establish these guarantees, by implementing various types of transfers, including conditional cash transfer programmes

and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions (Cecchini and Martínez, 2011).

Social protection is central to social policy but is distinctive in terms of the social problems it addresses. Consequently, it does not cover all the areas of social policy, but rather it is one of its components, together with sectoral policies —such as health, education or housing— and social promotion policies —such as training, labour intermediation, promotion of production, financing and technical assistance to micro— and small enterprises. While sectoral policies are concerned with the delivery of social services that aim at enhancing human development, and promotion policies with capacity building for the improvement of people’s autonomous income generation, social protection aims at providing a basic level of economic and social welfare to all members of society. In particular, social protection should ensure a level of welfare sufficient to maintain a minimum quality of life for people’s development; facilitate access to social services; and secure decent work (Cecchini and Martínez, 2011).

Accordingly, the national case studies characterize two major components of social protection systems –non-contributory (traditionally known as “social assistance”, which can include both universal and targeted measures) and contributory social protection (or “social security”). The case studies also discuss employment policies as well as social sectors such as education, health and housing, as their comprehension is needed to understand the challenges for people’s access to those sectors in each country.

Furthermore, the case studies include a brief overview of socio-economic and development trends, with a particular focus on poverty and inequality. At this regard, we wish to note that the statistics presented in the case studies —be they on poverty, inequality, employment or social expenditure— do not necessarily correspond to official data validated by the Economic Commission for Latin America and the Caribbean (ECLAC).

I. Introduction: historical context of social protection policies in Honduras¹

The recent history of Honduras has been marked by political instability and the fluctuation between developmentalist and populist regimes since the 1950s (Salomón, 1994). In comparison to other Central American countries, economic modernization has been rather weak. Agricultural exports have been less developed, due to the specialization in bananas production, led by multinational corporations.

Between the 1980s and 1990s, the country was ruled by a military regime that pushed forward economic and social reforms (Vilas, 1988). Contrary to more repressive regimes in other countries of Central America, such as the case of the neighbouring Nicaragua, this regime sought to provide some responses to the demands for land (ibid). Thus, in 1972, an agrarian reform was implemented in the country, resulting in a more egalitarian structure of land property and facilitating the development of a self-subsistence economy within rural areas (Sanahuja, 1998).

Also, trade unions were early legalized in the country, after the strikes pioneered by the workers of the banana industry in the 1950s. Trade unionism was tolerated even during the military regimes, although more radical peasantry organizations were repressed (Sanahuja, 1998). On the contrary, trade unions were included as political actors in national consultations, as an attempt to exert control towards the emergence of more leftist positions. This situation allowed introducing changes to the labour law, approving a Labour Code (*Código del Trabajo*) and establishing the roots of a social security system (Martínez, 2003).

Despite interruptions by the military, two political parties —*Liberal* and *Nacional*— remained stable over time and defined a political system that may be depicted as two-party. These parties combined in their actions clientelist practices with a tradition of consensus and pacts. The fact that a network of pressure groups and political organizations remained in place during these decades helped to channel social demands to the political arena and avoid revolutionary or extremist revolts (Vilas, 1988).

During the 1980s, Honduras was the military operations base of the United States in Central America. This moment coincided with the beginning of the transition to democracy in the country, after 30 years of military rule. This transition began rather early compared to other countries within the region and it was influenced by the politico-military strategy of the USA, and the impact caused by

¹ This section is based upon Martínez Franzoni (2008).

the Sandinista revolution on the Honduran military (Salomón, 1994). However, in parallel to the political transition, the National Security Doctrine (*Doctrina de Seguridad Nacional*) supported the militarization of politics and the subordination of civilians. In practice, the military informally kept the control of the State (ibid). Hence, paradoxically, between 1980 and 1985, Honduras went through the worst period of violence and repression of its modern history (Sanahuja, 1998).

Concerning social policy, it was only during the 1990s that this became more developed and it was extended to the poorest population of the country. This process was partly the result of the economic and social demands that emerged along the process of economic reforms implemented throughout that decade. Targeted social programmes were launched at that time, including cash transfer programmes. These retained a residual role of the State focused on social assistance.

In 2006, Manuel Zelaya, a member of the Liberal party, was elected President. He rapidly took distance from his party and implemented a series of redistributive reforms with respect to wages and social policies.

II. Honduras: main economic and social spending indicators

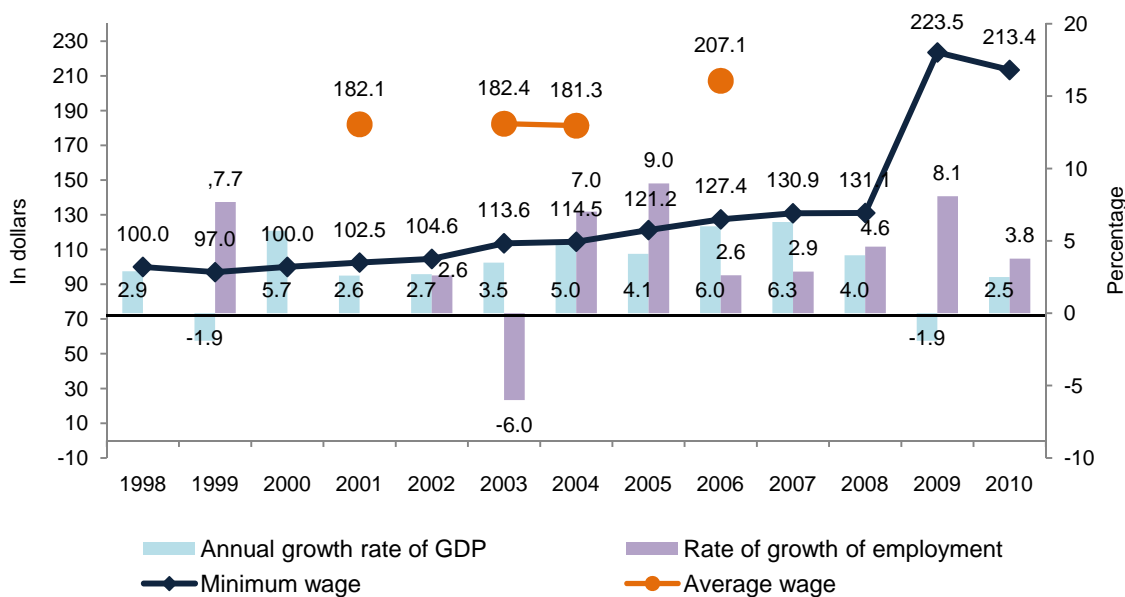
A. Economic and labour performance

Figures 1 and 2 provide an indication of the trends followed by economic growth, the labour market and wages in Honduras. In the 1998-2010 period, gross domestic product (GDP) grew at an average rate of 3.2%. However the economy showed a high degree of volatility, growing at less than 3% in 1998, 2001, 2002 and 2010, at over 6% in 2006 and 2007, and experiencing declines of -1.9% in 1999 and 2009. Employment growth was even more volatile, decreasing by 6% in 2003 and rising to over 8% in 2004 (see figure 1).

Furthermore, labour informality has remained extremely high, even rising during years of economic growth (between 2003 and 2006). Open unemployment reached its peak at 6% in 2004 (see figure 2).

Public social spending as a percentage of GDP in Honduras increased from 5% in 1998 to 12% in 2010, decreasing slightly compared to 2009, when it reached 12.2%. Social spending per capita almost tripled in the same period, from US\$ 68 to US\$ 183. Social expenditure also became more prominent in fiscal terms, increasing its participation in total public spending from 37% to 52% (see figure 3).

FIGURE 1
REAL MINIMUM WAGE^a, AVERAGE WAGE, EMPLOYMENT GROWTH
AND ANNUAL GROWTH OF GDP^b, 1998-2010
(Dollars and Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC, 2010, 2007), *Consejo Monetario Centramericano*, Statistics and Census General Direction (DIGESTYC), National Statistics Institute (INE).

^a Annual average index, 2000 = 100.

^b Based on official figures expressed in constant US 2000 dollars. Data for 2010 is preliminary.

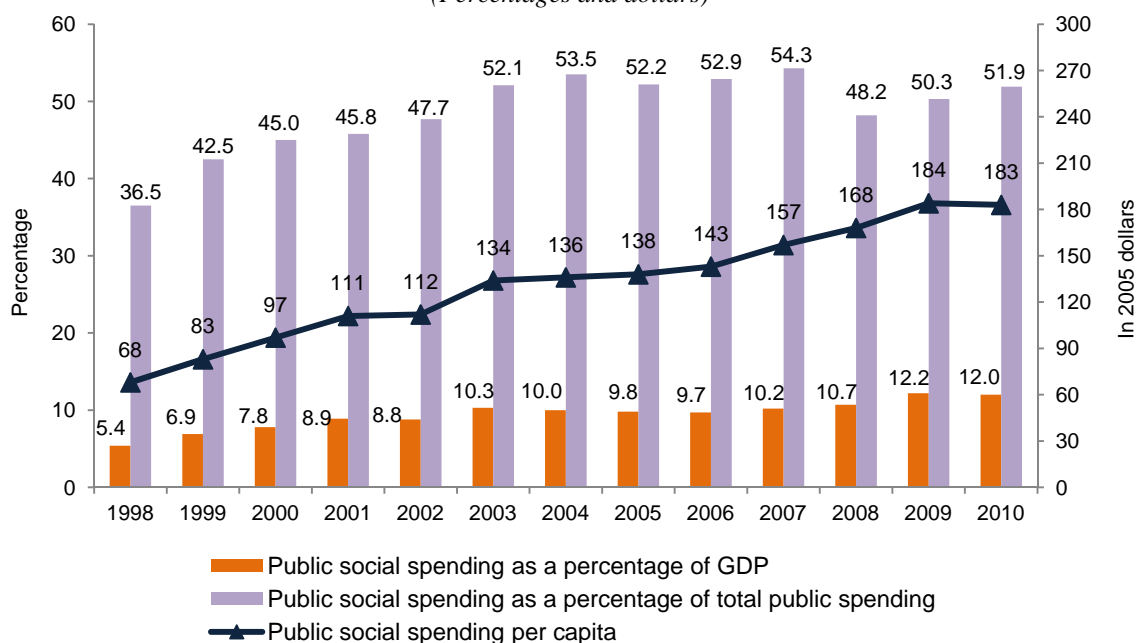
FIGURE 2
UNEMPLOYMENT^a, LABOUR FORCE PARTICIPATION
AND INFORMALITY RATES, 1998-2010
(Percentages)



Source: Socio-Economic Database for Latin America and the Caribbean (SEDLAC), ECLAC and ILO.

^a Annual average urban rate. Data for 2009 and 2010 corresponds to May; data for 2010 is preliminary.

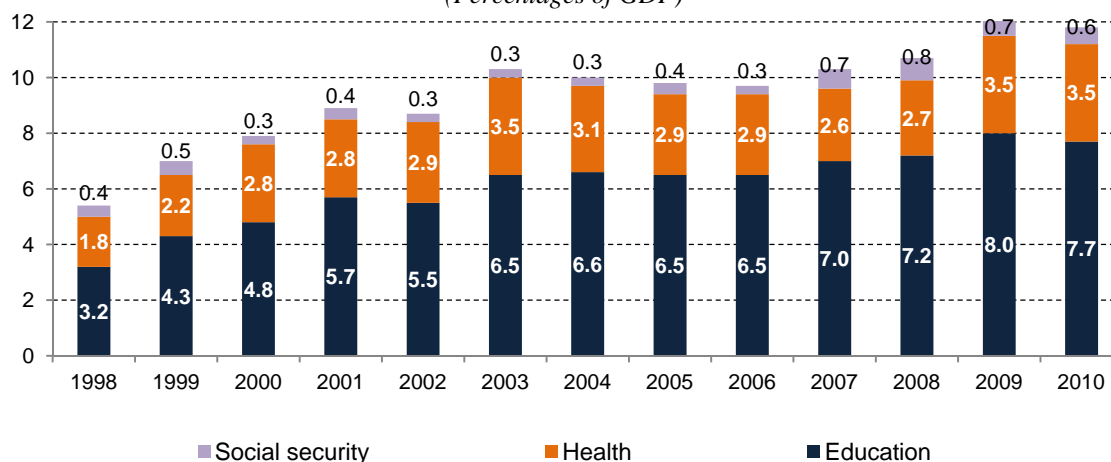
FIGURE 3
PUBLIC SOCIAL SPENDING PER CAPITA (IN 2005 DOLLARS), PUBLIC SOCIAL SPENDING RELATIVE TO GROSS DOMESTIC PRODUCT (GDP) AND TOTAL PUBLIC SPENDING, 1998-2010
(Percentages and dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

Between 1998 and 2010, education has been consistently the sector that has captured most social public spending, followed by health (see figure 4). Between 1998 and 2010, spending on education more than doubled, rising from 3.2% of GDP to 7.7% of GDP. In comparison, spending on social security and housing are very marginal. Between 2003 and 2007, spending on social security has practically remained unaltered.

FIGURE 4
PUBLIC SOCIAL SPENDING BY SECTOR AS A PERCENTAGE OF GDP^a, 1998-2010
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social spending database.

^a The series did not include data for spending on housing until 2010.

III. Social security in Honduras

A. Overview of the contributory pension regimes in Honduras

The contributory pension system in Honduras is highly stratified. There are four contributive regimes. There is not a non-contributive scheme or employment insurance yet in place in the country. The contributive regimes are the following:

1. Honduran Institute of Social Security (*Instituto Hondureño de Seguridad Social, IHSS*)

The IHSS was created in 1959 (Badillo and others, 2009) and reformed by the Decree No. 080-2007 passed on the 1st of June of 2001 (Poder Legislativo, 2001). It grants benefits in the areas of illness, maternity, accidents at work, professional illnesses, disability, old age, death and involuntary unemployment to workers of the private sector. The minimum retirement age is 65 for men and 60 for women, if they have made at least 12 yearly contributions.

2. National Pension Institute for Teachers (*Instituto Nacional de Previsión del Magisterio, INPREMA*)

The INPREMA was created in 1980 (Badillo and others, 2009) by the Decree No. 1026 (*Junta Militar de Gobierno*, 1980b). It provides life insurance —covering spouses and dependents, although the contributor can determine the beneficiaries—, a disability pension and a separation and retirement benefit to teachers in the public and private systems. The minimum retirement age is set at 50 years and the maximum at 60. Affiliates must have made 12 yearly contributions while employed.

3. National Retirement and Pension Institute for Public Officials and Government Employees (*Instituto Nacional de Jubilaciones y Pensiones de los Empleados y Funcionarios del Poder Ejecutivo, INJUPEMP*)

The INJUPEMP was created in 1971 by the Decree No. 138 (INJUPEMP, 2009; Badillo et. al., 2009). It provides benefits in the case of retirement and death while in active service, as well as a disability pension. Interim and fixed-term appointed (for less than a year) public workers are excluded from

accessing these benefits. The minimum age for retirement is set at 58 years old and the maximum at 65. Affiliates must have made 12 yearly contributions to the system while employed.

4. Military Pension Institute (*Instituto de Previsión Militar, IPM*)

The IPM was created in 1972 (Badillo and others, 2009) and is regulated by the Decree No. 905 of 1980 (*Junta Militar de Gobierno, 1980a*). It provides retirement benefits to the military, the police force and firefighters. The retirement age ranges from 50 to 58 years old, and affiliates must have made 13 yearly contributions while employed.

In 2002, the law regulating the operation of the voluntary complementary regime for the administration of private pension funds (*Ley del Régimen Opcional Complementario para la Administración de Fondos Privados de Pensiones*) was passed. In practice, this law allows individual capitalization funds to operate in the country through private pension funds.

Honduras is one of the three Central American countries (along with Guatemala and Nicaragua) where structural reforms were not implemented. Instead, parametric reforms introduced to the public system increased the retirement age and introduced changes in the estimation of benefits (Mesa-Lago, 2007). Between 2001 and 2006, the average value of the pensions received by the population affiliated to a contributory regime increased from US\$ 180 to US\$ 237. In 2006, 39,000 persons received these pensions, 8,706 more than in 2001.

B. Social spending on social security and funding of the system

Spending on social security between 1998 and 2006 has been extremely low and lower than 1% of GDP and US\$ 13 per capita, although spending per capita has doubled from US\$ 5 in 1998 to US\$ 10 in 2010 (see figure 5).

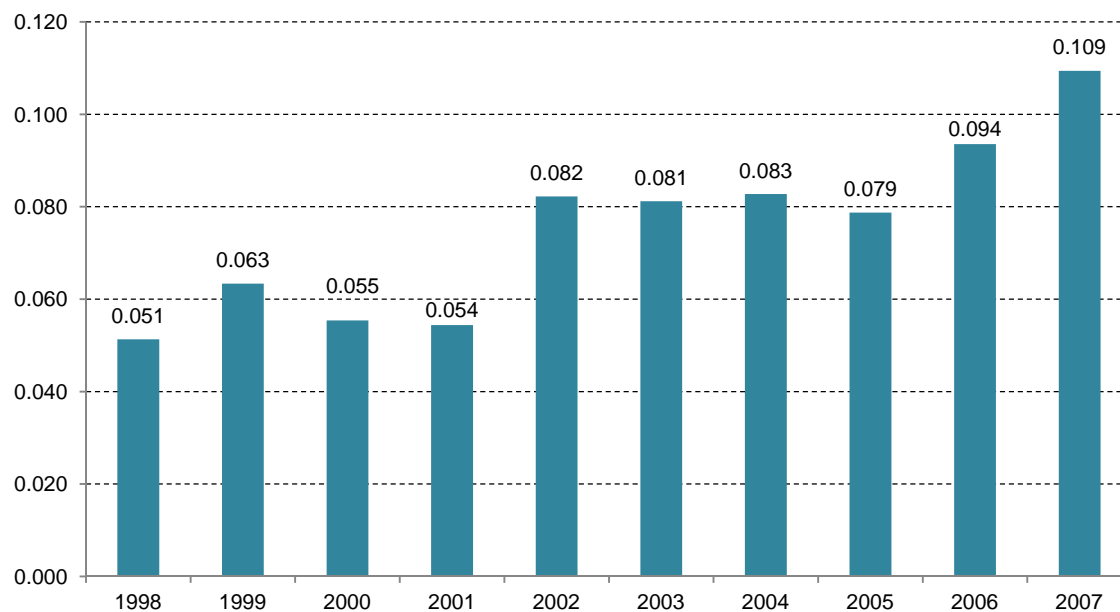
FIGURE 5
PUBLIC SPENDING ON SOCIAL SECURITY PER CAPITA (IN 2005 DOLLARS)
AND AS A PERCENTAGE OF GDP, 1998-2010
(Percentage and dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social spending database.

This is also congruent with the evolution of spending on the general regime of pensions as a percentage of GDP, which has remained very low. In 2007, it was only 0.1% of GDP (see figure 6).

FIGURE 6
**SPENDING ON THE GENERAL REGIME OF DISABILITY,
OLD AGE AND DEATH (IHSS), 1998-2007**
(Percentage of GDP)



Source: Honduran Institute of Social Security, IHSS.

Table 1 shows the different financing sources of the contributory pension regimes, indicating the diverse level of participation of both employers and employees.

TABLE 1
FINANCING STRUCTURE OF THE CONTRIBUTIVE PENSION REGIMES
(Percentages)

Regime	Contributions				
	Employer	Employee	Other	Global	
IHSS	2	1	0.5	3.5	
INPREMA	Public sector	12	7	-	19
	Private sector	11	7	-	18
INJUPEMP		11	7	-	18
IPM	Pre-reform	11	9	-	29
	Post-reform	15	9	-	24
INPREUNAH		12	7	-	19

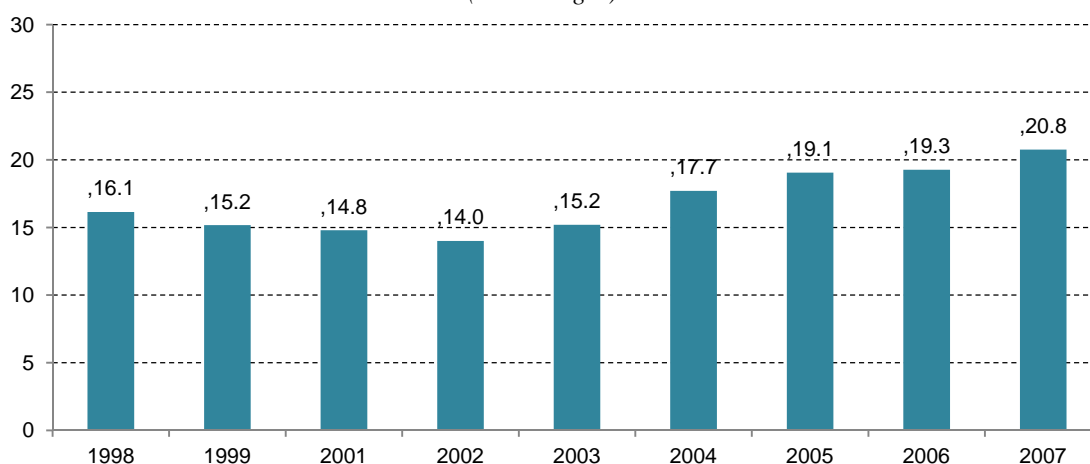
Source: Daniel Badillo and others, "Financiamiento de la protección social en salud y pensiones en Honduras", *El financiamiento de la protección social en países pobres y desiguales*, Ana Sojo (ed.), Santiago de Chile, CEPAL-ASDI (2009, p.112).

C. Coverage of the social security system

Between 1998 and 2007, the economically active population directly insured has increased from 16% to 21% (see figure 7). Specifically, the coverage of the regime of disability, old age and death has remained stable over the years (see figure 8). Between 1998 and 2007, it had changed very little (from 17% to 18%) and the lowest coverage was reached in 2001 and 2002 (15%).

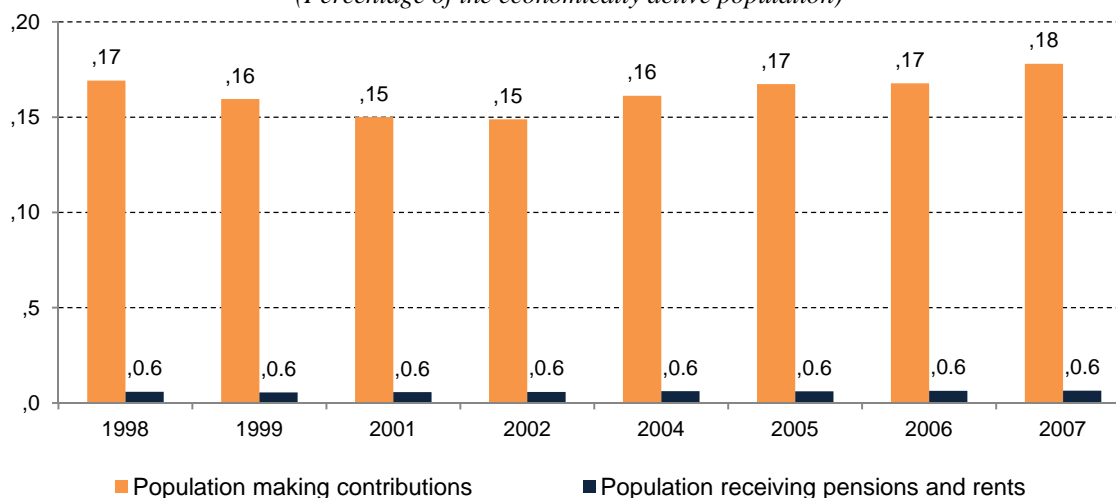
Coverage varies according to the specific regimes. Coverage as a percentage of the economically active population is 18% for IHSS; 2.4% for INPREMA, 2.4%; 2.2% for INJUEMP, 2.2% and 0.2% for IPM (Badillo et al., 2009).

FIGURE 7
ECONOMICALLY ACTIVE POPULATION CONTRIBUTING TO SOCIAL SECURITY, 1998-2007
(Percentages)



Source: Honduran Institute of Social Security, IHSS.

FIGURE 8
POPULATION CONTRIBUTING TO THE REGIME OF DISABILITY, OLD AGE AND DEATH, 1998-2007
(Percentage of the economically active population)



Source: Honduran Institute of Social Security.

The percentage of the population aged 65 years and above that receives a pension has varied over the years, ranging from little more than 5% in 2001 to a maximum of 6.5% in 2003. In 2006, this population was equivalent to over 5%.

Table 2 shows the coverage of social security by income quintiles. The three indicators that have been included —population that has access to formal insurance, contributors to the IHSS as a percentage of the occupied population and the population aged 65 years and above that receives a pension— show a high level of stratification. The population in the lowest income quintile is almost completely unprotected, and within that located in the next quintile, coverage is still quite low. In the highest income quintile, a third of the occupied population makes regular contributions to the general regime of social security. Nevertheless, even within this quintile, only 13.7% of the population aged 65 years and above receives any sort of pension.

TABLE 2
COVERAGE OF SOCIAL SECURITY BY INCOME QUINTILES, 2006
(Percentages)

Indicator	Quintile 1 (poorest)	Quintile 2	Quintile 3	Quintile 4	Quintile 5 (richest)	Average
Population making contributions to the IHSS as a percentage of the occupied	0.6	6.4	16.4	24.2	25.2	16.6
Population aged 65 and above receiving a pension	0.9	2.4	3.3	7.2	13.7	5.4

Source: Own estimation based on the Permanent Household Survey of Multiple Purposes 2006 data.

IV. Non-contributory social protection in Honduras

A. Conditional cash transfer programmes in Honduras

Honduras has a long history implementing safety nets. The first food programmes date back to the 1950s and by the early 1990s, the country had already set in place food transfers that reached over a quarter of the population. In 1990, the Honduran Social Investment Fund (*Fondo Hondureño de Inversión Social*), a workfare programme aiming to foster development infrastructure, was also created (Moore, 2008).

It is in this context that the Family Allowance Programme (*Programa de Asignaciones Familiares*, PRAF) was introduced in 1990, as a response to the severe social effects of the structural adjustment programmes that led to rising levels of extreme poverty. Implemented first as a transitory programme, the PRAF went through different stages, according to the different sources of funding:

- (i) The national PRAF (first stage) was funded with national resources. It provided unconditional transfers to families living in poverty with children aged 6 to 12 years. The transfers included food vouchers; school allowances—including a special bonus to purchase school materials—; a maternal and child allowance; an allowance for the elderly; and training programmes for women.
- (ii) The second tranche of the PRAF-IDB (second stage) (1998-2006) was financed by the Inter-American Development Bank (IDB). This programme included cash transfers and also promoted the formation of school teachers and provided economic incentives for the schools, parents associations and health centres to improve education and health attention within districts with high levels of chronic undernourishment in rural areas. Thus, it combined both demand and supply-side incentives (Moore, 2008)
- (iii) The third tranche of the PRAF-IDB (third stage) (2007-2009) provided conditional cash transfers and health and education allowances, as a complement of the national PRAF. These allowances seek to promote school attendance, nutrition, healthcare, skilled attendance at delivery (institutional delivery), and the expansion of the supply of education and health services.

Under the Zelaya administration, PRAF formed part of the Solidarity Network (*Red Solidaria*)—that administratively coordinated targeted social programmes in the country— and was in charge of the First Lady. The Solidarity Network focused on actions in the areas of health, education,

nutrition and social and economic infrastructure. It aimed to assure investment and delivery of quality services in health and education, improving the access of the poor and vulnerable population to social services and enhancing their human capital and employment abilities (Cecchini and others, 2009).

Previous to the *coup d'état* in 2009, programme targeting included community assemblies (*asambleas comunitarias*), which verified and provided missing information on the beneficiary registries, discussed issues of interest for households participating in the programme, promoted the signature of the commitment act on the part of the beneficiaries of the programme, spread printed guidebooks with information on the health and education system and activated social participation in the projects involved in the programme (*Red Solidaria*, 2009).

In 2010, a new conditional cash transfer programme was launched, the Bono 10,000 programme for education, health and nutrition (*Bono 10.000 Educación, Salud y Nutrición*). As its name indicates, the programme transfers 10,000 lempiras per year to families living in extreme poverty, in exchange for commitments on education, health and nutrition.²

B. Funding of the programmes and coverage

The national tranche of the PRAF was financed mainly with national resources. In turn, the second and the third tranches of the PRAF were financed with loans from the IADB. One, for US\$ 27.9 million, was transferred to the Solidarity Network. In turn, a second loan from the IDB ascending to US\$ 45 million was transferred directly to the PRAF. This funding is complemented by an additional State allowance of US\$ 5 million.

The 2010 budget of the Bono 10,000 programme was about US\$ 24 million. Funding came from national resources as well as from the IDB, the World Bank and the Central American Bank for Economic Integration (BCIE).³

² See ECLAC, Non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bdptc>.

³ Ibid.

V. The health sector in Honduras

In Honduras, public health and social insurance are combined with public, private and community health services, giving way to a very stratified system.

A. Overview of the health system

The Health Secretariat (*Secretaría de Salud*) is the institution in charge of supervising the overall performance of the health sector in Honduras.

During the last decade, the health sector has began an administrative decentralization reform that has three main components: (1) decentralization, co-management and municipal participation; (2) development of the Information and Financial Administration Management System (*Sistema de Información Gerencial y Administración Financiera*), aimed to advance a network structure; and, (3) creation of the National Health Council (*Consejo Nacional de Salud*), that aims at developing Departmental and Municipal Councils (*Consejos Departamentales y Municipales*) as a building block of a National Health System (*Sistema Nacional de Salud*) (Chávez, 2003).

As part of social security, the IHSS (see section III.A) provides healthcare services to its affiliates. In the context of primary attention, it provides preventive healthcare services mainly oriented to families and communities. These include: the protection and promotion of healthcare, home visits, general medicine, preventive oral healthcare, programmed appointments, paediatrics, gynaecology and obstetrics, maternal and child health programmes, among others (IHSS, 2009). In the secondary and tertiary levels of attention, the IHSS provides specialized attention to the direct affiliates, their spouses or partners and their children aged 5 years and below. Services provided cover maternity, post-delivery attention and general illness (Martínez, 2003).

During recent years, the following health programmes have been implemented (Badillo and others, 2009):

- (i) New approaches in management (*Nuevos modelos de gestión*): construction of clinics administered by municipal governments. The programme is under the responsibility of the Health Secretariat.
- (ii) Mobile teams of the Programme for Institutional Reorganization and Extension of the Basic Services of the Health Sector (*Programa de Reorganización Institucional y*

Extensión de los Servicios Básicos del Sector Salud, PRIESS): periodic visits of basic healthcare teams, formed by a medical doctor and a nurse. These teams are supported by the community's voluntary work, providing attention to groups of 8,000 people. The programme is under the command of the Health Secretariat.

(iii) ACCESO Programme: development of community clinics based on the voluntary participation of the community in healthcare provision.

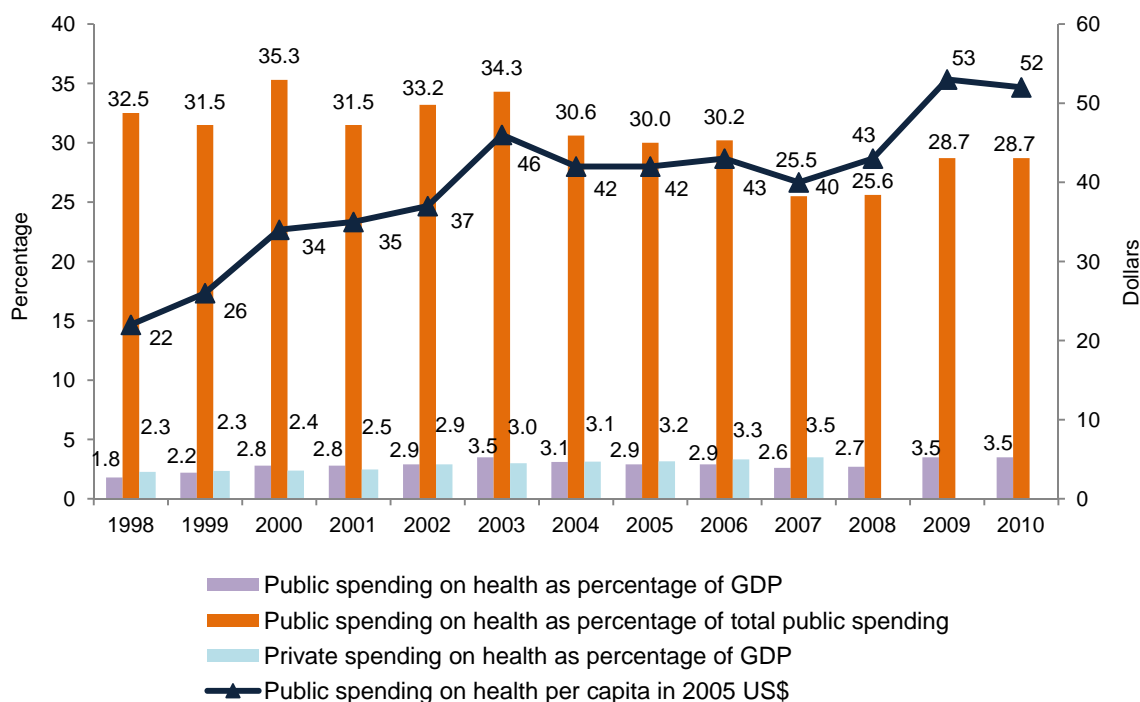
(iv) Local Systems of Social Security Programme (*Programa Sistemas Locales de Seguridad Social, SILOSS*): the programme hires public or private institutions to deliver healthcare services. It is located under the IHSS.

In terms of primary healthcare provision, the Health Secretariat provides services in the areas of HIV-AIDS prevention and attention, control of tuberculosis and sexually transmitted diseases, and oral health. The IHSS provides medical attention in case of illness and at pregnancy. Concerning the secondary level of attention, the Health Secretariat administers 28 hospitals and the IHSS, three.

B. Social spending on health

As a percentage of GDP, public spending on health increased by about 1.7 percentage points between 1998 and 2010 (see figure 9). In 2007, private spending on health (3.5% of GDP) was slightly higher than public spending (2.6% of GDP). Per capita spending on health experienced a significant increase: in 1998, it was US\$ 22 (in 2005 US\$); by 2010, it had more than doubled to US\$ 52. Despite this positive trend, spending on health is still quite low. Furthermore, public spending on health as a percentage of total social spending has decreased: in 1998, it represented 32.5% of total public spending and in 2010, 28.7%.

FIGURE 9
PUBLIC AND PRIVATE SPENDING ON HEALTH, 1998-2010
(Percentages and 2005 dollars)

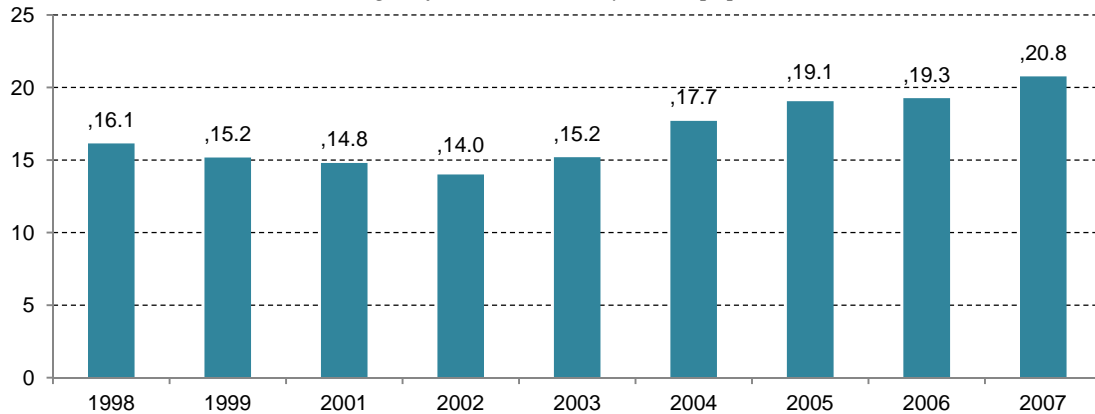


Source: Economic Commission for Latin America and the Caribbean (ECLAC) and World Health Organization (WHO).

C. Coverage of the system

Between 1998 and 2007, the coverage of social health insurance increased from 16% to 21% of the economically active population (see figure 10). Yet, this figure is quite low considering that over 75% of this population remains unprotected and there are severe limitations for family members who are dependants of those directly insured to fully access healthcare services.

FIGURE 10
COVERAGE OF SOCIAL HEALTH INSURANCE (ILLNESS AND MATERNITY), 1998-2007
(Percentages of the economically active population)

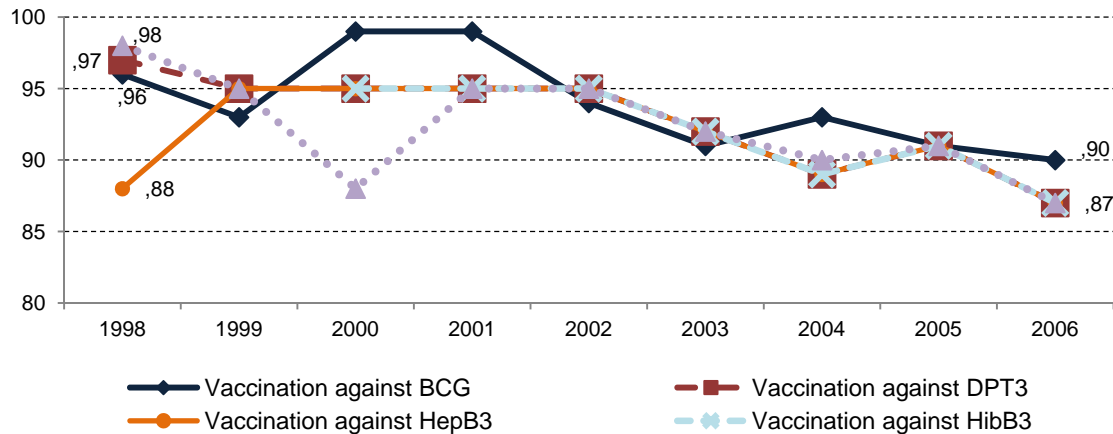


Source: Honduran Institute of Social Security (IHSS).

According to Mesa-Lago (2007), in 2000, 52% of the population accessed public healthcare services, 12% was covered by the IHSS and 1.5% by private services. These figures are coincident with Badillo and others (2009), who argue that in 2003, 30% of the population did not access healthcare.

According to UNICEF, the coverage of skilled attendance at delivery has increased from 56% to 67% between 2001 and 2007. Instead, the coverage of vaccination against polio, tuberculosis (BCG) and hepatitis has decreased (see figure 11).

FIGURE 11
CHILDREN WHO HAVE BEEN VACCINATED ACCORDING TO THE BASIC IMMUNIZATION PACKET, 1998-2007
(Percentages)



Source: World Health Organization (WHO).

VI. The education sector in Honduras

The education sector in Honduras is composed of a public and a private sector, financed by the national budget and out-of-pocket disbursements, respectively. The private enrolment rate (11%) is lower than the average rate in other countries of Central America (17%). This is also the case for each level of education: for primary education, the private enrolment rate is 15% in Honduras and 17% in Central America; for secondary education, 6% in Honduras and 10% in Central America; and for tertiary education, 23% in Honduras and 40% in Central America.

A. Overall description of the education sector

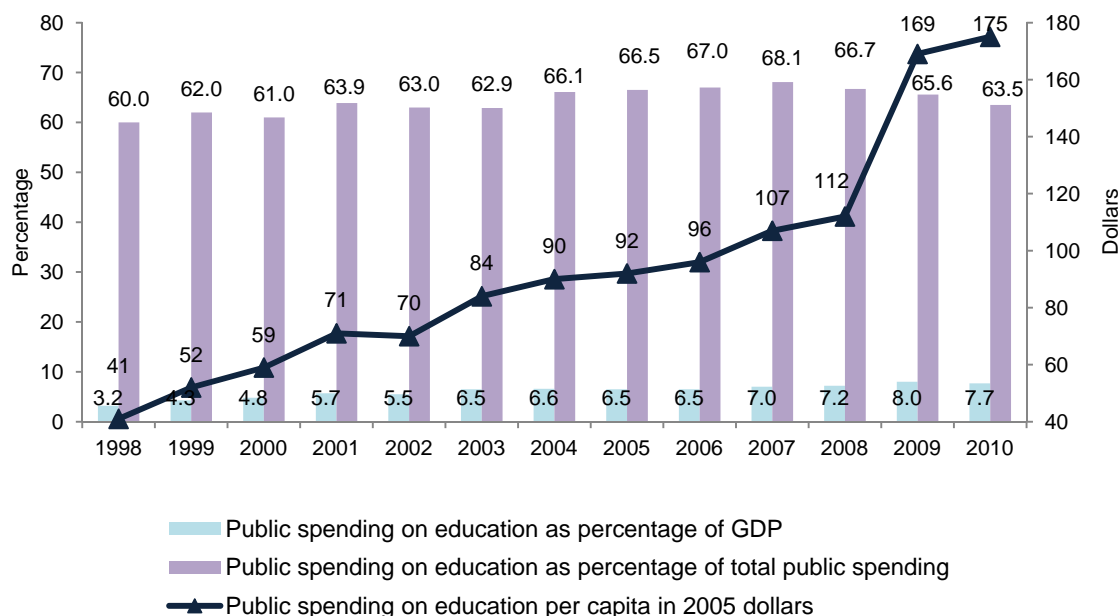
Primary and secondary education in Honduras is under the responsibility of the Education Secretariat (*Secretaría de Educación*). The main guidelines for the system are contained in the Strategic Plan for the Education Sector 2005-2015 (*Plan Estratégico del Sector Educación 2005-2015*). This system is driven by a decentralized approach to management, which has been in place since the last decade (*Secretaría de Educación de Honduras*, 1997). Under this approach, management is shared among government institutions, civil society and international cooperation.⁴ Also, according to the Constitution, the Autonomous National University of Honduras (*Universidad Nacional Autónoma de Honduras*) has the authority to organize, direct and develop professional and tertiary education in the country.

B. Financing and social spending on education

Spending on education has more than doubled between 1998 and 2010, rising from 3.2% to 7.7% of GDP. Per capita spending on education has increased accordingly from US\$ 41 to US\$ 175 during the same period. Spending on education also increased its participation in total social spending, although more slightly: in 1998, it represented 60%, and in 2005, 63.5% of total social spending (see figure 12).

⁴ Both the Swedish Cooperation and the *Organización de Estados Iberoamericanos para la Educación, la Ciencia y la Cultura* granted their support to this approach.

FIGURE 12
PUBLIC SPENDING ON EDUCATION PER CAPITA (IN DOLLARS), AS A PERCENTAGE OF GDP AND AS A PERCENTAGE OF TOTAL PUBLIC SPENDING, 1998-2006
(Percentages and dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and *Sistema de la Integración Centroamericana* (SICA).

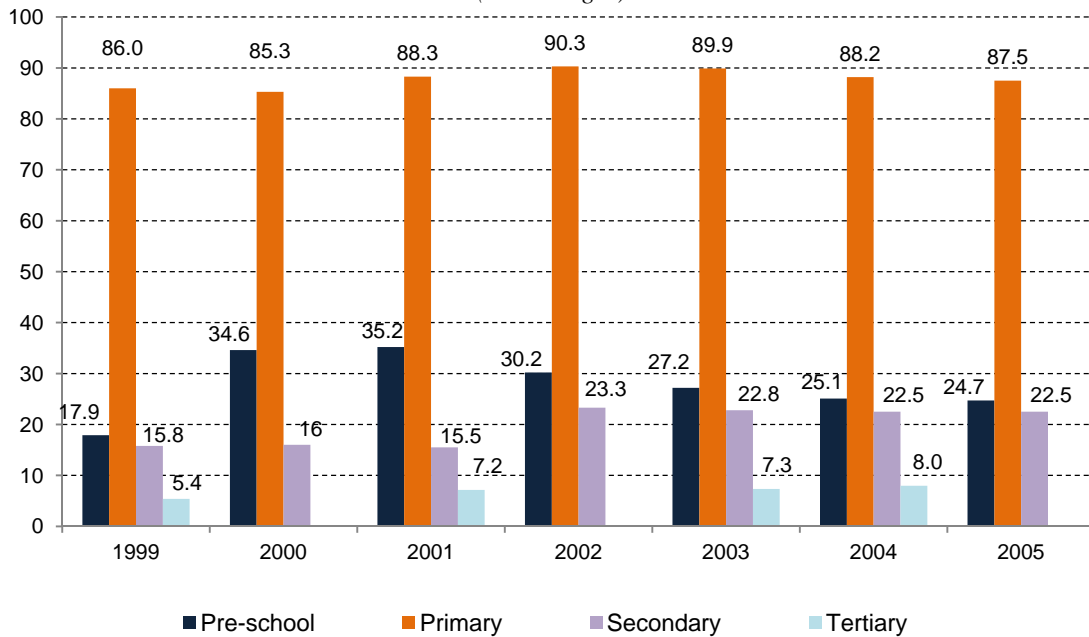
According to the Education Secretariat, the main source of funding for the system is the national treasure (96.7%), followed by international cooperation (0.03%) and the Multilateral Debt Relief Initiative (MDRI) (0.01%) (*Secretaría de Educación de Honduras*, 2009).

For the case of tertiary education, spending was 3.1% of GDP in 2003. However, this level of spending is inferior to that established by the Constitution, set at 6% of GDP.

C. Coverage of the education system

Primary and secondary education are formally declared as universal, although the coverage is still not so, especially in the case of the latter. The net schooling rate in primary school increased slightly from 86% in 1999 to 87.5% in 2005. Nevertheless, compared to figures for 2002 (when it was over 90%), this rate has decreased. The net schooling rate for secondary education increased from 15.8% to 22.5% during the same period (see figure 13), but it is the lowest in Central America and is even lower than the net schooling rate for pre-school, that has ranged from 17.9% and 24.7%. Schooling in tertiary education is very marginal, with an 8% rate in 2004.

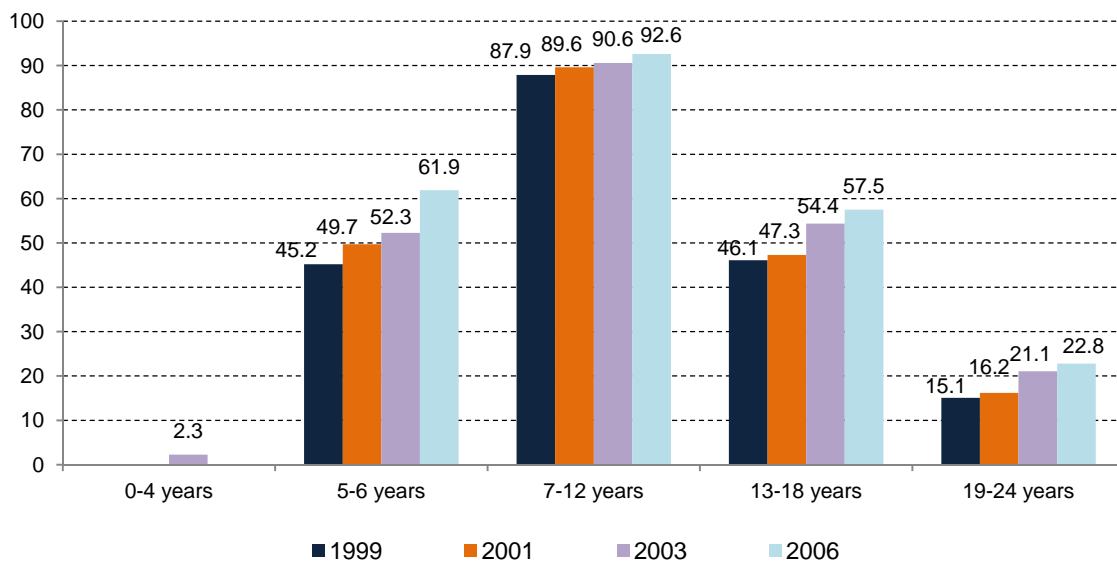
FIGURE 13
NET SCHOOLING RATES, 1998-2005
(Percentages)



Source: Central American Education and Cultural Coordination (CECC).

According to UNESCO, the primary education enrolment rate was 93% in 2007 and the tertiary education enrolment rate was 17% in 2002 (UNESCO, 2009). According to government data, the pre-school enrolment rate increased from 18% in 1999 to 25% in 2005. Between 1999 and 2006, the attendance rate of the population aged 0 to 24 years old has improved (see figure 14).

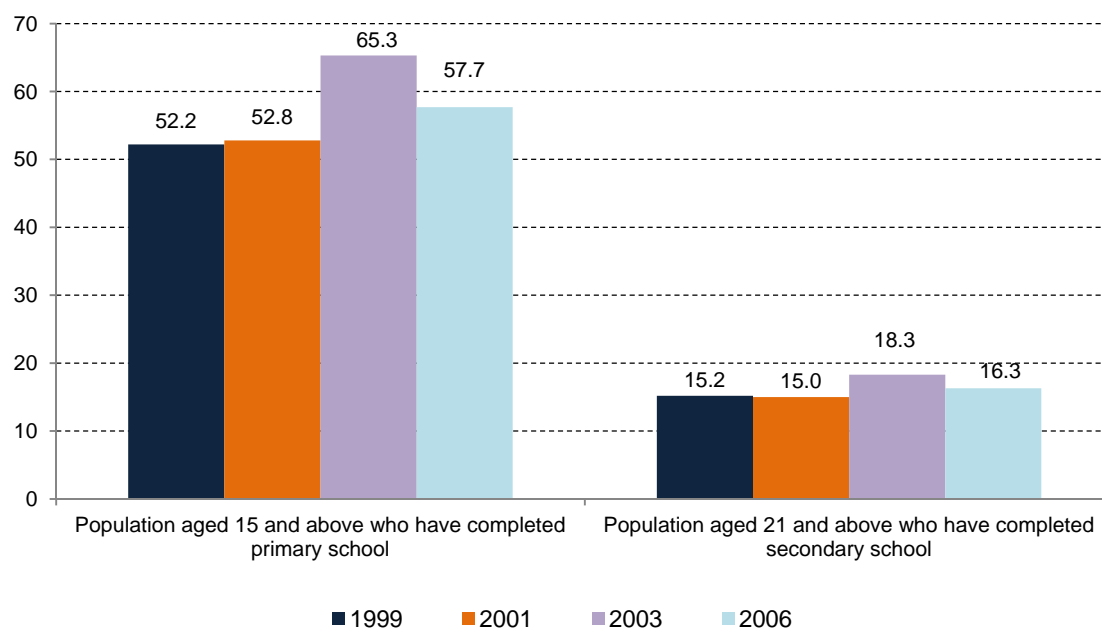
FIGURE 14
ATTENDANCE RATES OF THE POPULATION AGED 0 TO 24 YEARS, 1999-2006^a
(Percentages)



Source: INE: Household Surveys.

Primary education completion rates of the population aged 15 and above increased from 52% in 1999 to 58% in 2006. The population aged 21 and above who have completed secondary education has instead remained stagnant (see figure 15).

FIGURE 15
POPULATION THAT HAS COMPLETED PRIMARY
AND SECONDARY EDUCATION, 1999-2006
(Percentages)



Source: INE: Household Survey.

Finally, gross enrolment rates are severely stratified by income quintiles, particularly among children aged 0 to 3 years old, and those aged 13 and above (see table 3).

TABLE 3
GROSS ENROLMENT RATES, BY AGE GROUPS
AND INCOME QUINTILES, 2006
(Percentages)

Age group	Quintile 1 (poorest)	Quintile 2	Quintile 3	Quintile 4	Quintile 5 (richest)	Average
3 to 5	22	27	28	31	40	29
6 to 12	89	93	95	96	96	93
13 to 17	46	58	67	74	87	66
18 to 23	10	18	24	31	50	29

Source: Socio-Economic Database for Latin America and the Caribbean (SEDLAC.).

VII. Housing policies in Honduras

In 2006, the housing shortage in the country was estimated in 826,471 homes. The quantitative housing shortage affected 26,036 homes (1.7% of the total) and the qualitative housing shortage 800,435 homes (52.4%).⁵

The country lacked a housing policy until the government of President Manuel Zelaya (2006-2009). In the past, a decentralized institution —the Social Fund for Housing (*Fondo Social para la Vivienda*, FOSIVI)— existed in parallel to a regime regulating private investments (*Régimen de Aportaciones Privadas*, 2009). This regime provided loans for housing construction and purchase, land purchase, housing improvements, as well as mortgage release.

During the government of Zelaya, the Programme for Solidarity Housing and Credit (*Programa de Vivienda Solidaria y Crédito Solidario*, PROVICCSOL) was created and run directly by the Presidency (*Presidencia de la República*, 2006). This programme provided credits and subsidies for housing construction, promoting the development of small companies providing services in the area of building. The programme was targeted on families living in poverty and extreme poverty with incomes inferior to three minimum wages that do not have a dwelling and have not received any subsidy. This programme was mainly financed by the Honduran Bank for Production and Housing (*Banco Hondureño para la Producción y la Vivienda*, BANHPROVI) (providing credits) and the national budget (providing subsidies), and to a lesser degree by private and external sources of funding. In the context of the financial crisis of 2009, the *Alianza Bolivariana para los Pueblos de Nuestra América* (ALBA) provided cash resources to Honduras to finance a housing bonus (ECLAC, 2009).

⁵ The quantitative housing shortage considers the number of dwellings with two or more households within or the cases where two or more dwellings are located within the same plot of land. The qualitative shortage corresponds to households living within homes that should be replaced or rehabilitated as they do not accomplish with the minimum standards or lack of basic services (Sorto, 2004).

Bibliography

- Badillo, Daniel and others (2009), “Financiamiento de la protección social en salud y pensiones en Honduras”, *El financiamiento de la protección social en países pobres y desiguales*, Ana Sojo (ed.) Santiago de Chile, CEPAL-ASDI.
- Cecchini, Simone; Leiva, Alicia; Madariaga, Aldo and Daniela Trucco (2009), *Desafíos de los programas de transferencias con corresponsabilidad: los casos de Guatemala, Honduras y Nicaragua* (LC/W.248), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC).
- Cecchini, Simone and Rodrigo Martínez (2011), *Inclusive Social Protection in Latin America: A Comprehensive Right-based Approach* (LC/G.2488-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC). United Nations Publications, Sales No. S.11.II.G.23.
- Chávez, Manuel (2003), *Honduras: descentralización y visión de país*. Tegucigalpa, United Nations Development Programme (UNDP).
- ECLAC (Economic Commission for Latin America and the Caribbean) (2012), *Social Panorama of Latin America 2011* (LC/G.2514-P), Santiago, Chile. United Nations Publications, Sales No. S.12.II.G.6.
- _____ (2009), La reacción de los gobiernos de América Latina frente a la crisis: una presentación sintética de las políticas anunciadas hasta el 30 de enero de 2009 (LC/L.3025/Rev.5), Santiago, CEPAL-ASDI.
- Honduran Institute of Social Security (IHSS) (2009) “National Retirement and Pension Institute for Public Officials and Government Employees” [online] <http://www.ihss.hn/servicios/servicios.htm>.
- Junta Militar de Gobierno (1980a), Decreto No. 905 “Ley de Previsión Militar” [online] <http://www.congreso.gob.hn/leyes%20nacionales/905-80.pdf>.
- _____ (1980b), “Decreto No. 1026 “Ley del Instituto Nacional de Previsión del Magisterio” [online] <http://www.inprema.hn/pag/leyinprema.htm>.
- Martínez Franzoni, Juliana (2008), *¿Arañando bienestar? Trabajo remunerado, protección social y familias en América* [online] <http://www.clacso.org.ar/difusion/institucional/difusion/Publicaciones/catalogo/coleccion-crop/publicacion.2008-07-24.4030712096>.
- Martínez, Yesenia (2003), *Pobreza, seguridad social y desarrollo humano en Honduras*. Tegucigalpa, United Nations Development Programme (UNDP).
- Mesa-Lago, Carmelo (2007) *Reassembling social security. A survey of pensions and healthcare in Latin America*, New York, Oxford University Press.

- Moore, Charity (2008), “Assessing Honduras’ CCT programme PRAF, Programa de Asignación Familiar: expected and unexpected realities”, *Country Study* No. 15, April 2008, Brasilia: International Poverty Centre.
- Red Solidaria (2009), *Asambleas Comunitarias* [online] http://www.redsolidaria.hn/asambleas_comunitarias.html.
- Presidencia de la República de Honduras (2006), “Decreto Ejecutivo PCM-39-2006”, [online] <http://viviendasolidaria.org/Archivos/PCM-39-2006.pdf>.
- Régimen de Aportaciones Privadas (2009), “¿Quiénes somos?” [online] http://www.rap.hn/Quienes_somos.html. Last accessed on August 2012.
- Salomón, Leticia (1994), “La policía civil en Honduras: las dificultades de la transición” en *CEDOH Honduras*, No. 70, November.
- Sanahuja, Joseph (1998), “Poder político, poder militar y sociedad civil en Honduras” en Botella, Joan y Sanahuja, Joseph *Centroamérica después de la crisis*, Barcelona, Institut de Ciències Politiques i Socials.
- Secretaría de Educación de Honduras (2009), “Presupuesto 2010: Resumen por fuentes de financiamiento”, in Secretaría de Educación de Honduras, 2009, Rendición de cuentas [online] http://www.se.gob.hn/index.php?a=Webpage&url=PRESUPUESTO_home. Last accessed on August 2012.
- _____ (1997), “Reseña sobre Honduras”. Documento preparado para el *Coloquio Regional sobre Descentralización de la Educación en América Central, Cuba y República Dominicana*, San José, Centro Latinoamericano de Administración para el Desarrollo, [online] <http://www.clad.org/documentos/otros-documentos/resena-de-honduras>, Last accessed on August 2012.
- Sorto, Francisco (2004), *La situación del Déficit habitacional en San Salvador*, San Salvador, Medición de las Condiciones de Vida en América Latina y el Caribe (MECOVI).
- UNESCO (2009), “Honduras”, en UNESCO Institute of Statistics [online] http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=121&IF_Language=eng&BR_Country=3400&BR_Region=40520 Last accessed on August 2012.
- Vilas, Carlos (1988), “El desarrollo desigual de las condiciones revolucionarias en Centroamérica (1950-1980)”, *Estudios Latinoamericanos CELA*, vol. III, No. 5, Managua, July-December.

This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population—to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of efforts to establish these guarantees by implementing various types of transfers, including conditional cash transfer programmes and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions.



Economic Commission for Latin America and the Caribbean (ECLAC)
Comisión Económica para América Latina y el Caribe (CEPAL)
www.eclac.org



dds.cepal.org/socialprotection